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SIPDIS

NOFORN

STATE FOR PM

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TAGS: [PARM](#) [PREL](#) [PGOV](#) [ETTC](#) [IZ](#) [AF](#) [BU](#)

SUBJECT: BULGARIAN DEFENSE EQUIPMENT SALES TO IRAQ AND AFGHANISTAN

REF: 04 STATE 267024

(U) CLASSIFIED BY AMBASSADOR JAMES PARDEW, FOR REASONS
1.4 (B) AND (D).

11. (S/NF) SUMMARY: We continue to support procurement of military equipment for the security forces in Iraq and Afghanistan as a major USG priority, but aspects of this process at the local level have raised concerns about potential weapons diversion. Embassy has encountered at least one case where an identical End User Certificate (EUC) for weapons procurement for Iraqi Police Forces was presented both to the export control authorities in Belgrade and Sofia. Post's concern is that the EUC for weapons purchased for legitimate end users could be used to buy a duplicate set of weapons that could be diverted to the grey market. Post is also concerned about the number of contractors and subcontractors, some with shady connections. END SUMMARY

12. (S/NF) Post received a copy of an EUC from the Bulgarian Interministerial Commission for Export Controls dated 22 Sept 2004 from the Project and Contracting Office in Baghdad. The GOB Commission asked Post to confirm the validity of the EUC (see reftel). However, we discovered later that an identical EUC had been presented to the Serbian export authorities. The U.S. contractor involved, Nico Trap Inc. D/B/A Golden Wings, and its local Bulgarian subcontractor, Trem Engineering, were eventually declined an export permit from the GOB in December, but the Golden Wings' Serbian subcontractor was approved in Belgrade in December. In spite of the Serbian approval for the export of these weapons, Golden Wings president Tahsin Ammouri was requesting the GOB reverse their decision as late as 4 January.

13. (S/NF) In addition, the Bulgarian Intelligence Services have shared their concern with Post about the complexity of some weapon deals going to Iraq and Afghanistan, which often involve an American contractor, a Bulgarian broker, a Bulgarian defense manufacturer and often other international brokers and manufacturers. Bulgarian intelligence officials assert these complex deals reduce their ability to track the weapons effectively as they make their way out of Bulgaria and onward to Iraq or Afghanistan. GOB officials continue to inquire why such deals cannot be done on a government-to-government basis. Such a basis would allow the GOB to gain some political benefits from these deals, which provide jobs to a hard-hit sector of the Bulgarian economy, and show the Bulgarian public the benefits of the country's military commitment in Iraq and Afghanistan.

14. (S/NF) Post is also concerned that U.S. contractors have chosen to work with local subcontractors who have historically been involved in grey arms deals. For example, Delta-G, a Bulgarian broker for General Dynamics, was a major smuggler of arms to the Milosevic regime during the Yugoslav wars and reportedly is still involved illegal activities. Post has warned General Dynamics repeatedly about this relationship.

15. (S/NF) COMMENT: Many of the arms procurement transactions for Iraq are multinational, with parts and weapons coming from various countries. These deals are brokered through U.S. contractors and their local subcontractors, making oversight more difficult for individual missions to grasp the entire picture. We have pursued requests from the GOB to confirm EUCs coming from U.S. Forces in Iraq with all due diligence, but we wish to raise concerns about the oversight of these often complex multinational transactions.

16. (U) Baghdad minimize considered.